



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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February 20, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 2703

Aaron Hancock
Interpace Industries, Inc.
736 West Harrisville Road
P.O. Box 12118
Ogden, Utah 84412

Re: Results of Informal Conference, Interpace Industries, Inc., Clinton Pit, M/049/006, Utah County, Utah

Dear Mr. Hancock:

This letter is sent to document the informal conference that was held on January 29, 2003. This conference was held at your request to discuss the Notice of Non-Compliance that was issued for the Clinton Pit (M/049/006) on January 14, 2003. The informal conference began at 10:00 am. Those in attendance included: Aaron Hancock and Pat Patterson (Interpace Industries); Terry Larsen (Terry Larsen Excavating Inc.- aka TLC); Mary Ann Wright, Wayne Hedberg, Susan White and Lynn Kunzler (DOGM).

Lynn Kunzler started the meeting with a brief history of the Clinton Pit and the events of the inspection that led to the issuing of the January 14, 2003, Notice of Non-Compliance. Interpace Industries did not contest the facts of the non-compliance, but offered insight as to why things happened the way they did. The following explanation was provided:

- During a company change a few years ago, the plan had been misplaced that included maps that identified the mine permit area.
- Portions of the disturbance found outside the approved permit area were created to enhance contemporaneous reclamation of part of the permitted disturbance (i.e., to reduce quarry highwalls to acceptable slopes). Some of the new disturbance was a result of TLC's sand and gravel mining operation. A clear distinction between Interpace's clay operations and TLC's sand and gravel operations can no longer be made.

Discussions of mitigating the Notice of Non-Compliance and future plans for the Clinton Pit included the following:

- Interpace has marked the boundary of the 26-acre approved permit area to the best that can be determined from a 1987 permit map (the only permit map available).

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- Mining operations have been suspended on all areas outside the approved 26-acre area.
- Interpace has been approved for a Letter of Credit from BankOne. They anticipate that a draft copy would be sent (faxed) to the Division by January 30, 2003. An Interim Reclamation Contract is also needed to accompany the Letter of Credit.
- Interpace has also begun working on a permit revision to identify the Clinton Pit current conditions and future plans. The operator indicated that the timeframe given (March 3, 2003) was a reasonable time, but left the option open to request additional time as the deadline approached, should it be necessary. *Note, the Division received the revised plan on February 14, 2003.*
- Interpace also requested that once the reclamation surety and interim reclamation contract was in place for the entire area, that they be allowed to operate within the 75-acre current footprint so that they can continue with reclamation and development activities. The Division agreed to this proposal as long as the area was marked with t-posts or other suitable markers.

The Division received the "draft" Letter of Credit From Bank One on February 11, 2003. This draft required minor revisions that were subsequently made by the Bank. The final original Letter of Credit (#STR20714, for \$88,700.00) was received on February 19, 2003. The Division hereby accepts this Letter of Credit as the required interim surety for the Clinton Pit. As soon as we receive the original Interim Reclamation Contract, we will send you copies of the executed surety documents for your records.

On February 14, the Division staff reviewed a draft Reclamation Contract that was hand delivered. Corrections were noted on the draft and returned to be finalized. We received a faxed copy of the finalized contract today.

Once Interpace has placed the disturbed area boundary markers outlining the 75-acre disturbed area, the Division will allow you to resume operations within the existing footprint, while the latest permit revision is being reviewed and approved. Please call Lynn Kunzler at (801) 538-5310, so he can inspect the markers and give the okay to resume mining.

Please contact us if you believe that this summary is not what was agreed to. The Division looks forward to working with you as we finalize the remaining mitigation work and updating the Clinton Pit large mine plan.

Sincerely,



Mary Ann Wright
Associate Director, Mining

jb

cc: Wayne Hedberg, OGM
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